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REMARKS

Reconsideration of the application, as amended, is respectfully requested.

I. STATUS OF CLAIMS

Claims 1-30 are pending in this application. Claim 28 has been amended to further clarify that the watermark recited in this claim is a digital watermark.

It is respectfully submitted that no new matter has been added by virtue of this amendment. Support for amended claim 28 can be found throughout the specification as originally filed. In particular, support amended claim 28 may specifically be found on pages 14-16 of the present specification.

II. 35 U.S.C. 102(b) REJECTIONS

The Examiner rejected claims 1-6, 8-25 and 27-30 under 35 U.S.C. 102(e) as being anticipated by U.S. Patent No. 6,701,304 to Leon ("the Leon patent").

In response, Applicants respectfully assert that the Leon patent at the very least fails to teach or suggest a "digital watermark", as recited in independent method claims 1 and 15, a "digitally watermarked barcode" as recited in independent method claims 10 and 18, and/or "a digital watermark" as recited in amended apparatus claim 28 of the presently claimed invention.

Initially, it is noted that claim 28 has been amended to further clarify that the watermark recited in this claim is a digital watermark

It is respectfully asserted that there is no mention or reference to the use of digital watermarks or the techniques for producing them anywhere in the Leon patent. Rather,

the Leon patent relates to a method and apparatus for postage label authentication, wherein a postage metering system is provided that includes a secure metering device (SMD) coupled to a printer. The SMD generates an indicium and the printer receives and prints the indicium onto a label. The printed indicium label includes a human-readable portion, a machine-readable portion, and an identifier portion.

The Examiner on page 2 of the instant Office Action states that “the Leon patent describes utilizing encoded information as at least one element for composing a digital watermark for an object”. In support of the above statement, the Examiner cites to Col. 8, lines 14-23 of the Leon patent, wherein the Leon Patent mentions that “watermarks” may be used as an identifier portion of its postage label authentication system. However, the Examiner in making the above statement appears to be erroneously or at least mistakenly confusing traditional physical watermarks used in connection with letterhead and/or currency with digital watermarks as recited in claims 1, 10, 15, 18 and amended claim 28 of the presently claimed invention.

In particular, the feature of a “watermark” is a very old and well understood document security technique of marking a paper substrate with a distinguishable mark that is usually only seen in transmission. These traditional watermarks are not readily apparent, but when held up to the light, reveal such information as the name or logo of the paper manufacturer or the entity using the letterhead. Moreover, these traditional watermarks are formed during the paper making process by special dye cut cylinders that press the paper fibers to create the watermark images in the paper substrate.

In contrast to traditional watermarks, digital watermarking technology helps provide identifying quality and assure authenticity by embedding into audio, images, video and printed documents digital code that is imperceptible during normal use but readable by computers and software. More specifically, digital watermarks are embedded into selected images, audio, etc using stenographic techniques known in the art to subtly alter the image, audio, etc such that the digital watermark is hidden or imperceptible to the

naked eye. Digital watermarking technology is known in the art and the term “digital watermark” is the widely accepted term for steganographic manipulation of images, audio, video and printed documents in order to hide information. Further, stenographic techniques which, as mentioned, are used to produce digital watermarks are also known in the art and are typically defined as techniques of replacing unnecessary bits of data, e.g. in regular computer files, with bits of different invisible or hidden information (See e.g. the definition on www.webopedia.com).

As can clearly be seen from the above, digital watermarks, as recited in the presently claimed invention, relate to a technology which is completely distinct from that of traditional watermarks. Unfortunately, as the field of digital imagery and stenographic techniques to digitally hide information in images evolved, the use of the term “digital watermark” has often been confused with the traditional term “watermark”.

Since, the Leon patent fails to mention or make reference to digital watermarks or the techniques for producing them anywhere in its specification, it is very clear from its disclosure that the Leon patent when using the term “watermark” is only referring to the old/traditional watermarks and not to digital watermarks. Therefore, the Leon patent fails to teach or suggest a “digital watermark”, as required by claims 1, 15 and amended claim 28, and/or a “digitally watermarked barcode” as required by claims 10 and 18 of the presently claimed invention.

The Examiner is respectfully reminded that for a rejection to be made on the basis of anticipation, it is well recognized that “to constitute anticipation, all material elements recited in the claim must be found in one unit of prior art,” *Ex Parte Gould*, BPAI, 6 USPQ 2d, 1680, 1682 (1987), citing with approval *In re Marshall*, 578 F.2d 301, 304, 198 USPQ 344, 346 (CCPA 1978). As the Leon patent fails to teaches or suggests each and every element of the presently claimed invention as recited in independent claims 1, 10, 15, 18 and amended claim 28 for the reasons set forth above, a withdrawal of the above rejection to these independent claims is therefore respectfully requested. Moreover,

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since claims 2-6, 8, 9, 11-14, 16, 17, 19-25, 27, 29 and 30 depend from and incorporate all of the limitations of claims 1, 10, 15, 18 and 28, withdrawal of the above rejection to these dependent claims is also respectfully requested.

IV. 35 U.S.C. 103(a) REJECTIONS

The Examiner rejected claims 7 and 26 under 35 U.S.C. 103(a) as being unpatentable over the Leon patent.

In response, it is respectfully asserted that the Leon patent fails to teach or suggest claims 7 and 26 of the present invention.

As mentioned above with regard to claims 1 and 18, the Leon patent fails to teach or suggest a “digital watermark”(claim 1) and/or a “digitally watermarked barcode” (claim 18). Since, claims 7 and 26 depend from and incorporate all of the limitations of claim 1 and 18, respectively, the Leon patent likewise also fails to teach or suggest these dependent claims as well.

Moreover, it would not have been obvious to adapt the teaching of the Leon patent to include the above omitted element recited in claims 1, 7, 18 and 26 of the presently claimed invention due to the fact that there is no motivation provided to one skilled in the art for doing so. As mentioned above, traditional watermarks and digital watermarks involve completely distinct technologies from one another. In short, without some express or implied motivation provided by the Leon patent to substitute one watermarking technology (i.e. traditional watermarks) with a completely distinct watermarking technology (i.e. digital watermarks) , it cannot be stated that would skilled in the art would be motivated to do so. The Leon patent fails, however, to provide the requisite motivation to one skilled in the art to make the above substitution because the Leon patent does not teach or suggest “digital watermarks” or the techniques for producing them, e.g. stenographic manipulation of images, video, audio, etc. to hide

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information.

For the reasons set forth above, a withdrawal of the above rejection to claim 7 and 26 is therefore respectfully requested.

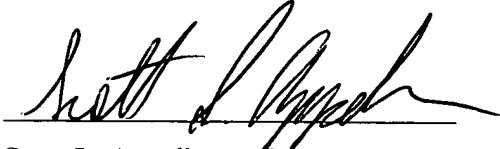
V. CONCLUSION

In view of the actions taken, it is believed that all pending claims as currently presented are in condition for allowance. A notice of allowance is respectfully requested.

According to currently recommended Patent Office policy, the Examiner is requested to contact the undersigned at the telephone number provided below in the event that a telephone interview will advance the prosecution of this application. An early and favorable action is earnestly solicited.

This paper is deemed to be filed within the shortened statutory period, and no petition or fee for an extension of time is required. No fees are believed due with this amendment. However, if fees are indeed due, then please charge them to deposit account no.: 50-1924.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott L. Appelbaum", is written over a horizontal line.

Scott L. Appelbaum Reg. No. 41,587
Harrington & Smith, LLP
4 Research Drive
Shelton, CT 06484-6212
Tel.: (203) 925-9400, ext.: 19